GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:328
ANSWERED ON:19.07.2016
Revival of PSUs
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the total number of Public Sector Undertakings (PSUs) under the Ministry along with the number of those making profit and losses, separately, sector- wise;
(b)the action plan formulated to revive the loss making PSUs and make them viable venture and the details of flagship programmes implemented under the Ministry; and

(c) the funds allocated, utilized and unutilized in this regard during each of the last three years and the current year, programme-wise and the steps proposed to be taken by the Government to promote PSUs?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS, SHIPPING, ROAD TRANSPORT & HIGHWAYS

(SHRI MANSUKH L. MANDAVIYA)

(a) There are 18 PSUs under the administrative control of the Ministry of Chemicals & Fertilizers. A detail containing profit/loss status of these PSUs is as under:

S. No. Name of PSU Profit making/loss making (as 31.03.2016)
Department of Fertilizers
1 Brahmaputra Valley Fertilizer corporation Limited (BVFCL) Profit making
2 The Fertilizers And Chemicals Travancore Limited (FACT) Loss making
3 FCI Aravali Gypsum and Minerals India Limited (FAGMIL) Profit making
4 Fertilizer Corporation of India Limited (FCIL) All units of FCIL are lying closed, However, after financial restructuring the net worth of the company has become positive.
5 Hindustan Fertilizer Corporation Limited (HFCL) All units of HFCL are lying closed, However, after financial restructuring the net worth of the company has become positive
6 Madras Fertilizers Limited (MFL) Loss making
7 National Fertilizers Limited (NFL) Profit making
8 Projects & Development India Limited (PDIL) Loss making
9 Rashtriya Chemicals & Fertilizers (RCF) Profit making
Department of Chemicals & Petrochemicals

10 Hindustan Fluorocarbons Ltd. (HFL) Loss making
11 Hindustan Organic Chemicals Ltd.(HOCL) Loss making
12 Hindustan Insecticides Ltd(HIL) Profit making

13 Bhramaputra Cracker & polymer Limited (BCPL) BCPL is implementing the Assam Gas Cracker Project. The Project has been commissioned on 02.01.2016. The Plant has capacity of producing 2.8 lakh MTs of polymer annually and is presently under stabilization. Hence, the question of making profits and losses doesn't arise.
Department of Pharmaceuticals

14 I. Karnataka Antibiotics & Pharmaceuticals Limited (KAPL), Bangalore. Profit making
15 I. Rajasthan Drugs & Pharmaceuticals Limited (RDPL), Jaipur. Loss making
16 Hindustan Antibiotics Limited (HAL), Pimpri, Pune Loss making
17 I. Bengal Chemicals & Pharmaceuticals Limited (BCPL), Kolkata Loss making
18 Indian Drugs & Pharmaceuticals Limited (IDPL), Gurgaon Loss making

(b): Action taken by the Government to revive the loss-making PSUs:

Fertilizer PSUs

I. The Fertilizers and Chemicals Travancore Limited (FACT):

For the financial restructuring of FACT, a proposal for revival of the company involving waiver of GoI loans and interest, granting one-time compensation for use of liquefied Natural Gas (LNG) and issuance of sovereign guarantee so as to come out of Board for

Industrial and Financial Reconstruction (BIFR) has been finalized and under inter-ministerial consultation. The proposal also includes Ãn principle 'approval for sale/ leveraging of land for raising resources to repay the loans raised against sovereign guarantee and to raise funds for implementation of short/ medium & long term proposed projects. However, to avert immediate crisis, GoI has sanctioned a plant loan of Rs. 1000 Crore to FACT.

II. Madras Fertilizers Limited (MFL):

MFL started incurring losses in the year 2003-04 and declared Sick in 2009. Though the Company earned operating profit in 2012-13 & 2013-14, however, the net-worth of the Company is still negative. In terms of DPE guidelines on streamlining the mechanism for revival and restructuring of sick Central Public Sector Enterprises, DOF has approved to engage an external expert agency which has experience and expertise of the business environment, operational issues, technology option and financial viability of the sector in which such CPSE is working. Accordingly, as directed by DoF, MFL has engaged PDIL as expert agency on 02.06.2016.

III. Hindustan Fertilizer Corporation Ltd.

The company was declared sick by the BIFR in 1992. The Government declared closure of all units namely Barauni, Haldia and Durgapur units of HFCL in 2002. To bring the company out from the purview of BIFR, the union Cabinet in its meeting held on 25.05.2016 has approved the proposal of DoF for financial restructuring of HFCL which inter-alia includes waiver of GoI loan & interest thereon. Recently, the Cabinet in its meeting held on 13.07.2016 has approved the revival of Gorakhpur and Sindri unit of FCIL and Barauni unit of HFCL through Special Purpose Vehicle (SPV) of profit making PSUs on nomination route

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Chemicals & Petrochemical PSUs:

HOCL and HFL are sick PSUs and are registered with BIFR as sick companies. The details of which are as under:

I. Hindustan Organic Chemicals Ltd. (HOCL):

(i) In 2001, the Govt. of India provided guarantee for Rs.100 crore for raising resources from the capital market.

(ii) Following rehabilitation package was approved for the company in March, 2006:

(a) Fund infusion of Rs.250 crore (preferential shares)
(b) Non-cash transaction − Continuation of the Govt. guarantee for Rs.100 crore (given in 2001) for 10 years and waiver of interest and penal interest

(iii) In February, 2007, the Govt. approved investment of Rs.20 crore (preference shares) for restarting the Caustic Chlorine plant at Rasayani unit of the company.

(iv) Govt. on 01.08.2013 approved the following revision of terms and conditions of the rehabilitation package of 2006:

(a) Postponement of the redemption of Rs.270 crore preference shares, that was due for redemption from 2011-12 onwards, to 2015-16 onwards

(b) Extension of Govt. guarantee of Rs.100 crore for 5 more years i.e. up to 28.08.2017

(v) In July, 2014, Govt. further gave guarantee for Rs.150 crore for issue of bonds by the company for meeting the working capital requirement, repayment for raw material suppliers, bank loans, employees' dues etc.

(vi) In September, 2015, the Govt. paid annual interest of Rs.10.57 crore on the Rs.100 crore bonds and Rs.14.04 crore on the Rs.150 crore bonds as the company failed to pay both the amounts due to lack of sufficient funds.

(vii) In view of the continuing losses of HOCL, a restructuring plan for the company is under consideration of the Government.

II. Hindustan Fluorocarbons Ltd. (HFL):

(i) A rehabilitation package for HFL was approved by BIFR on 03.12.2007 at a total cost of Rs.19.28 crore comprising of Capital Expenditure (Rs.8.99 crore), One Time Settlement (OTS) of banks & financial institutions (Rs.4.67 crore), VRS payment (Rs.4.00 crore) and Working capital (Rs.1.62 crore).

(ii) Further, for revival and growth of HFL, the company is diversifying into making products which can be sold in niche market with more margins as compared to PTFE (Poly Tetra Fluoro Ethylene). Therefore, company is focusing on development of fluoro specialty chemicals, wherein contribution is more as compared to PTFE, and has already developed TFE-ETHER, Telomeres etc. HFL has also developed advanced grades of PTFE i.e. Modified PTFE (MPTFE), which has higher margins than ordinary PTFE. Plan loan of Rs.16.80 crore was provided by the Govt. to HFL in 2014-15 for plant refurbishment schemes & new initiatives and for development of modified PTFE.

(iii) Plan loan of Rs.16.80 crore was provided by the Govt. to HFL in 2014-15 for plant refurbishment schemes & new initiatives and for development of modified PTFE.

(iv) In view of the continuing losses of HFL, a restructuring plan for the company is under consideration of the Government.

Pharmaceutical PSUs

Bengal Chemicals & Pharmaceuticals Limited (BCPL): - Revival Plan is under implementation.
Rajasthan Drugs & Pharmaceuticals Limited (RDPL), Jaipur: - plant is being supported to become WHO-GMP compliant. For this purpose Rs. 6.84 crores was released as Grants−in-Aid in 2014-15
Hindustan Antibiotics Limited (HAL)/Indian Drugs & Pharmaceuticals Limited (IDPL): − Notes for revival of both the companies have been submitted to Cabinet Secretariat for consideration.
There is no flagship programmes under implementation of the Ministry of Chemicals & Fertilizers.
(c): Department wise reply is as under: -

Department of Fertilizers: Fund sanctioned/released to BVFCL, FACT and MFL is as under:
(Rs. in Crores)
Name of Company 2013-14 2014-15 2015-16
B.E R.E Actual B.E R.E Actual B.E R.E Actual
BVFCL 25.00 0.91 0.00 10.00 0.24 0.00 5.01 0.00 0.00
FACT 211.43 0.01 0.00 42.66 0.01 0.00 34.99 1000.00 0.00
MFL 17.00 0.01 0.00 30.00 0.01 0.00 10.00 0.00 0.00

In the current Financial Year, Rs. 1 Crore has been allocated to BVFCL in B. E. 2016-17. However, there is no provision for plan loan to MFL and FACT in the Demand for Grants for 2016-17 of this Department. No funds have been released from 2012-13 on wards to the loss making PSUs in view of the restrictions imposed by Ministry of Finance vide D. O. letter No. F.2(41)-B(SD)/2012 dated 20.09.2012 except FACT wherein Rs. 1000 crore was released in 2nd R. E. 2015-16.
Department of Chemicals & Petrochemicals: Funds sanctioned / released to HOCL and HFL during the last two years and current year are given in the following table:
(Rs. in crore)
Sl. No. Name of PSU 2013-14
(Actual) 2014-15
(Actual) 2015-16 (up to 31.12.2015)
Plan Non-Plan Plan Non-Plan Plan Non-Plan
1. HOCL -- -- -- -- -- 24.61
2. HFL -- -- 16.80 -- -- --

In the current Financial year 2016-17, against the allocation of Plan funds of Rs.25 crore for HOCL, no funds have been released as on 13.7.2016. No funds have been allocated HFL in BE 2016-17.

Department of Pharmaceuticals: Funds sanctioned / released to BCPL, RDPL and KAPL during the last two years and current year are given in the following table:

(Rs. in crore)
Sl. No. Name of PSU 2013-14
(Actual) 2014-15
(Actual) 2015-16 (up to 31.12.2015)
Plan Non-Plan Plan Non-Plan Plan Non-Plan
1. BCPL -- -- 7.00 -- -- -
2. RDPL -- -- 6.84 -- -- --
3. KAPL - - - - - -

In the current financial Year 2016-17, no funds has been released to any PSUs till date.

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